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MONTHLY REVIEW

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THE ECONOMIC SITUATION

THE EDITORS

THE COMMON MARKET

CHARLES BETTELHEIM

THE POLITICAL ECONOMY OF GROWTH

A REVIEW BY STANLEY MOORE

VOL. 9

1

*Israel and Egypt: A Left-Wing
French View*

GILLES MARTINET

EDITORS . . . LEO HUBERMAN . PAUL M. SWEEZY

CONTENTS

VOLUME NINE

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MAY 1957

REVIEW OF THE MONTH: The Economic Situation	1
THE COMMON MARKET by Charles Bettelheim	5
THE POLITICAL ECONOMY OF GROWTH: A Review by Stanley Moore	11
A LEFT-WING FRENCH VIEW OF ISRAEL AND EGYPT by Gilles Martinet	17
WHERE WE STAND by The Editors	24
WORLD EVENTS by Scott Nearing	26

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NOTES FROM THE EDITORS

MR's eighth birthday party will be held, complete with refreshments, at the Fraternal Clubhouse (110 West 48th Street) on Wednesday, May 15th, at 8:30 o'clock. The main attraction of the evening, of course, will be a report from Leo Huberman on his seven months trip around the world. Dr. J. Raymond Walsh will be master of ceremonies, and MR's other editor will round out the roster of speakers. Reports have reached New York of the really fabulous reception Leo Huberman has been accorded in Japan. The directors of MR Associates, under whose auspices the party will be held, and the staff of the magazine are hoping that New York area readers will give him just as warm and enthusiastic a welcome when he gets back home.

The April 18th Associates meeting to celebrate the publication of Paul A. Baran's new book *The Political Economy of Growth* was a big success. Professor Baran spoke on "Marxist Thought Today," and the talk was followed by a lively discussion which had to be called on account of time long before all those with something to say had managed to get the floor. The chairman, in introducing Professor Baran, quoted as follows a letter from an economics instructor at one of our larger universities: "Having just read your book, *The Political Economy of Growth*, I wish to join the long line of those who will congratulate you for a history-making work. It would be presumptuous of me to praise such a work to its author. I will only mention that, while I enjoyed every page of the book (and the footnotes!), I found

(continued on inside back cover)

THE ECONOMIC SITUATION

The United States is recession-conscious again, and there are people on the Left who think that the long-deferred crash is really on the way this time.

Our anarchic economy being what it is, no one can deny that this may be so. But a survey of such facts and figures as are readily available suggests that it is unlikely.

The reasoning is essentially quite simple: Gross National Product (equals consumer spending plus business investment plus government demand for goods and services plus the excess of exports over imports) is still rising, according to the latest published data, and normally reliable indications point to a continuing rise or at least no serious decline in the individual components. This is not to deny that there are weak spots in the economic picture, but they don't look relatively important enough to upset the applecart in the near future.

Let us look first at the components of GNP.

Consumer spending—the latest Federal Reserve survey of consumer finances reports general optimism and an intention to maintain a high level of purchases. Barring a change in the situation emanating from other quarters, there is no reason to suppose that this intention will not be implemented in the months ahead.

Business investment—the latest SEC-Department of Commerce survey of business plans to purchase new plant and equipment puts the 1957 total at 6 percent above the record high of 1956. Again, barring a change originating elsewhere, the probability is that these plans will be carried out.

Government purchases of goods and services—here the rising trend is most marked, and the inflexibility of government budgetary procedures makes any early reversal almost impossible.

Export surplus—with minor fluctuations, this figure has been rising ever since 1950. The economies of America's main customers came through the Suez crisis remarkably easily, and now that the Canal is opening again the danger of an early slump originating abroad would seem to be rather small.

The upshot is that each component of GNP looks like holding up provided none of the others suffers a serious setback. And that is

MONTHLY REVIEW

about as optimistic a picture as capitalism can ever exhibit.

What, then, are the weak spots?

They are centered in the sphere of industrial production where the Federal Reserve index has remained unchanged at 146 since last October (1947-49 = 100) and a decline is widely anticipated when the March figure is released.* The reasons why the index of industrial production has been lagging behind GNP are mainly (1) a slowing down in inventory accumulation and (2) an actual decline in residential construction.

The inventory component of business investment is notoriously volatile, and one should always be cautious about drawing conclusions from its fluctuations. In a generally unstable situation, a decline can trigger a cumulative contraction, but this doesn't look like such a situation.

The falling off in housing is the most serious weak spot, and if it gets much worse it could be the beginning of real trouble. But the government is already moving to make mortgage money easier to get, and the present rate of new starts, at around 900,000 a year, is no more than enough to match the rate of new household formation, without allowing anything for replacing worn-out or torn-down structures. These facts do not prove that the decline won't continue, but they do suggest a relatively strong latent demand—provided, as always, that no economic upset develops elsewhere.

So much for the immediate outlook. It is certainly not unclouded, but neither is it especially black. The most reasonable expectation, perhaps, is that something like the present level of activity will continue until new factors enter the picture. That should take care of a few months anyway.

We shall doubtless be told that this is too agnostic a view, that the emergence of at least one vitally important new factor is inherent in the present situation and that it is only a matter of time before it starts to do its undermining work. Let us spell out the argument a little more fully.

Private investment in plant and equipment is running at the all-time record rate of about \$38 billion a year, up more than 40 percent in the short space of two years. Just how much of this constitutes expansion of productive capacity and how much replacement of worn-out or scrapped capacity no one knows with any accuracy, but the share of expansion is certainly more than half. If total output remains more or less constant, as we have assumed it is likely to do in the immediate future, then it seems reasonable to conclude that ex-

* Added in proof: actually there was no change.

cess capacity must be piling up pretty generally throughout the economy. And since this obviously can't continue indefinitely, we would seem to be headed for a decline in investment. This, in turn, should provide the new factor which can be expected to set in motion declines in other sectors of GNP. By this reasoning, it is a fatal weakness in the present situation that a more or less steady overall rate of economic activity should be sustained by an extraordinarily high level of private investment.

The logic of this argument is good, and there certainly have been depressions in the past, which have been brought on in precisely this way. In our view, the Great Depression of the 1930s is the leading case in point. Moreover, there are plenty of signs of excess capacity in various sectors of the American economy today. Production of automobiles and household appliances, for example, is running far behind capacity. More generally, the behavior of wholesale prices points in the same direction. Raw material prices hit their peak last November and since then have fallen off quite sharply. The overall wholesale price index stopped rising in February. These are clear symptoms of a shift from sellers' to buyers' markets. Does it not follow, on the principle "if winter comes can spring be far behind," that a decline in investment is in the cards?

Ceteris paribus, as the economists say, the answer is undoubtedly yes. Which means that it all depends on whether anything important has been left out of the argument. And this, unfortunately, is not a matter of economic theory but of historical insight and practical judgment.

In attempting to apply these all-too-rare faculties to the problem before us, we have to keep certain things in mind:

- (1) The amount of excess capacity is very hard to measure; and there is never a rigid relationship between investment and excess capacity however defined. These considerations alone should be enough to warn against drawing dogmatic conclusions from any given factual situation.

- (2) Capacity which is excess may also be technologically outdated. Where competitive pressures are strong, technologically obsolescent facilities may be replaced or relegated to stand-by status long before they wear out. It follows that the more rapidly technological change is progressing, the looser will be the relation between capacity and investment.

- (3) Excess capacity in one firm or industry does not necessarily affect investment decisions in others, especially if the latter are engaged in developing new products. Since the rate of development of new products is a function of technological change, this

MONTHLY REVIEW

again leads to the conclusion stated under (2).

This conclusion, to which we attach the greatest importance, could be given a more general formulation as follows: With unchanging technology, excess capacity is relatively easy to identify and is bound to have a direct and powerful influence on investment decisions. As we move away from a static condition of technology toward more and more rapid rates of progress, these relative certainties dissolve and in the limiting case there need be no definable relation between apparent excess capacity and investment decisions.

Actually, of course technology is never static, nor is it ever likely to be so rapid that the correlation between excess capacity and investment decisions is altogether ruptured. Nevertheless, there is no doubt whatever that technological change is proceeding at an extremely rapid, and indeed quite unprecedented, pace at the present time. Under the circumstances, it is reasonable to suppose that the depressive effect of excess capacity on investment is as weak as it has ever been, and may be incapable, at least for considerable periods, of offsetting the buoyant forces arising from technological, demographic, and fiscal conditions.

The main point could be put more simply by saying that we are in the midst of an industrial revolution—really and not just as an after-dinner figure of speech—and that in such a period private investment tends to remain high regardless of the momentary relation between capacity and current output.

This seems to us a reasonable interpretation of the facts as we see them. And if it is, there would seem to be little danger—or hope, depending on your point of view—of a serious depression in the near future.

Nevertheless, it must be frankly recognized that this whole analysis could turn out quite wrong. It could be that the recent great wave of investment was associated with new technologies which had their origin in the wartime application of science to production, that this wave of investment has reached or possibly even passed its crest for the time being, that a decline is on the way, and that this decline will be accentuated by the widespread existence of excess capacity. In this way, a real collapse of investment might be generated, and this in turn could knock the props out from under the other components of GNP.

We would be surprised if it happened that way this time, but we have been surprised by the behavior of the capitalist economy lots of times before and probably will be lots of times again. This may be one of them.

(April 12, 1957)

THE COMMON MARKET

BY CHARLES BETTELHEIM

The main economic argument put forward by French backers of the Common Market is that it will open the way to the modernization of the French economy. It will do this, the argument runs, not because it will provide the French economy with new *means* for developing itself, but because it will subject the economy to new *external constraints*.

Here we meet again the most classical ideas of economic liberalism: competition is the essential factor for progress, and the free circulation of men and capital can be counted upon to ensure that the location of economic activity will be most favorable for all concerned.

Actually, the Common Market within the framework of a capitalist Little Europe cannot but play an entirely different role: it will decisively reinforce monopoly capital and in the long run cause the weakening of the role played by the enterprises belonging to the competitive sector of the economy. The latter sector is in the hands of that part of the bourgeoisie which for the most part works for the home market and whose fate is closely linked to this market. One can call it the national bourgeoisie as against that other fraction of the bourgeoisie which shares the interests of international big business and which invests indifferently in France, Germany, Italy, America, or any of the underdeveloped countries.

This distinction between the two sectors of the capitalist class allows us to understand the sharp differences of opinion within the bourgeoisie vis-à-vis the Common Market. To see this more clearly, it will be helpful to discuss in more detail some of the problems which are now at issue.

We are not concerned to deny that under certain circumstances and at a certain level of development of technique and the forces of production, free competition may be able to promote rapid economic and technological progress. That was generally the case in Europe during most of the 19th century. But it requires a strong dose of dogmatism to believe that under *all* circumstances and *everywhere* the kind of integral liberalism which inspired the Common Market will generate a rapid upsurge of production and living standards.

Professor Bettelheim is director of studies at the Ecole des Hautes Etudes of the Sorbonne. This article is translated, by arrangement with the author, from France-Observateur, March 21, 1957.

MONTHLY REVIEW

It would seem hardly necessary to recall that free competition also and inevitably involves a considerable waste of resources; the duplication of production projects; the ruin of certain industries which in other circumstances might have been converted, modernized, and made to yield an economic return; unemployment and gluts which for technical reasons can extend beyond their point of origin to other sectors of the economy.

We shall perhaps be told that such a perspective is to be welcomed in the interests of purging the industrial structure of the Europe of the Six, of getting rid of tens of thousands of poorly equipped and outmoded enterprises whose costs of production are excessive—in a word, to modernize and renew the economies concerned and thus to render them capable of competing on the world market.

This argument, however, would be valid only if there were no other, socially and economically less onerous, method of accomplishing the same result—in other words, only if it were impossible to set in motion a coordinated program of modernization and reconversion, an assumption which is shown to be false by numerous actual examples. The Common Market thus amounts to confidence in external constraints and lack of confidence in the possibility of deliberate action designed to achieve the goals of economic progress. Unfortunately, confidence in the virtues of competition seems peculiarly inappropriate, especially at the present stage of development of capitalism.

One must remember that a number of industries, including some of the most important of the Europe of the Six, are dominated within national frontiers by powerful monopolistic groupings which, since the search for greater profits does not drive them to modernize their techniques, undoubtedly constitute a brake on progress. Under these conditions, the abolition of tariff barriers would often lead simply to the conclusion of agreements among the monopolists who obviously have no desire to get involved in ruinous competition and price wars. In this way the same practices which now prevail within the various countries would come to dominate at the Little Europe level.

On the other hand, within those sectors of the economy where concentration has still not gone far, where numerous small and medium-sized firms exist under the protection of high duties and despite obsolete techniques and high costs, competition would have much more positive results, leading to the disappearance of many enterprises and their replacement by others better equipped and more modern. True, at the end of this process we would have a higher

level of technique, but we would also have a more extreme degree of concentration and new industries under the control of the monopolistic groupings.

Overall, intensified social polarization and the reinforcement of the positions of monopoly capital, and hence of bank capital, would be the outstanding result of the Common Market. Now, theoretical analysis and historical experience alike demonstrate that monopoly capital tied in with bank capital (that is, finance capital) is not a force for social and economic progress, but for reaction.

Economic concentration, involving the ruin of tens of thousands of little businesses and the unemployment for longer or shorter periods of those who work in them, would go hand in hand with a form of geographical concentration which could be expected to bring about a profound change in the locational pattern of economic activity.

Obviously, no one can foresee exactly what the new economic map of the Europe of the Six would look like after a considerable period of functioning of the Common Market. But one thing is highly probable, that this map would show an accentuation of economic disparities: the already industrialized regions would be more so, and the weaker or less developed regions would fall farther behind.

This is the invariable experience of marriages of this sort: of Bavaria and Wurtemberg after the unification of Germany, of the Italian South (formerly much less disadvantaged economically) following Italian unity. It is no accident that the countries entering late upon the road of industrialization have had to protect themselves against the competition of already industrialized countries. The experience of the United States, which did not enter a phase of rapid economic development until after the adoption of protective tariffs, confirms this view, while the ruin of once flourishing countries which were forced to submit to the direct competition of powerful foreign industrial centers points in the same direction.

Even within France, the existence of "underdeveloped regions" shows that the free play of economic forces favors a certain number of regions while the others experience stagnation or actual decline. The reason we talk about initiating a policy of regional economic development is that spontaneously economic disparities have grown inside this French "common market." Exactly the same thing is bound to happen, only on a larger scale, within the common market of the Europe of the Six. And the comparative rhythm of economic development in France and Germany indicates clearly in what way the disparities will be increased.

The perspectives opened up by the Common Market are thus

MONTHLY REVIEW

clear: the economic forces which will be let loose will, in certain sectors, push toward a modernization of the techniques of production (a modernization which could be effected in other ways), but they will also push toward profound social transformations, toward an aggravated state of economic and geographical concentration, and an accentuation of national economic disparities.

On the social plane, the result will be an increase of strength for monopolistic, and more generally finance, capital, and a decline of strength for small and medium-sized business. An intensified social polarization cannot but be the outcome of such an evolution.

On the political plane, the ratification of the Common Market treaty will involve even more considerable consequences, for to an ever increasing extent all important decisions taken in one part of the Common Market (that is to say, in one of the member countries) will have to be narrowly coordinated with similar decisions taken in all the other countries.

Ratification would be, for all practical purposes, one of the last political acts of an independent French Parliament. To the extent that the Common Market materializes, all important political acts (fiscal legislation, monetary decisions, budgetary policy, social policy, commercial treaties, and hence also foreign and military policies) would cease to emanate from the free decision of French authorities. The center of decision would necessarily coincide with the dominant economic zone and would therefore in practice be West Germany.

This outcome would be all the more inevitable because the political forces representing the different social classes would see their chances of action profoundly modified.

What this means is that the traditional forms of action adapted to the national framework, including nationally organized political parties, would soon become inoperative since the centers of decision would no longer be national centers.

A long period of political experimentation and reorganization would then be necessary and in the course of this, because of the impotence of the traditional modes of action, there would be grave danger of the development of a despotism without precedent in Europe—a despotism which would benefit only those interests already organized at the level of the Six, that is to say, the interests of monopoly capital.

The working-class and trade-union movements, more profoundly divided at the Little Europe level than at the national level would be the great victims of the whole operation, all the more so since far from bringing the various national working classes together it would tend to set them one against the other. It would do this mainly

through according to the German working class an increasingly privileged position, deriving from the dominant position of German capital, while the other working classes would see their position deteriorate and to a certain extent would even be forced to migrate to the economically favored regions. The fact is that the most progressive forces would emerge from the operation profoundly weakened, while the chief beneficiaries would be the forces of reaction and especially finance capital.

Finally, on the international level, the realization of the Common Market would for all practical purposes mean the definitive cutting in two (or more likely three, since Britain and Scandinavia will doubtless remain on the outside) of the Europe which is supposed to be unified. This could not but contribute to the maintenance, or even aggravation, of international tensions and to the furtherance of the arms race. Now, when one speaks of the economic progress which is needed in France, one must always bear in mind that one of the essential preconditions is a reduction of the burdens weighing on the economy, which in turn requires above all the reduction of military expenses and hence a policy of detente and disarmament.

It is certain that if the real perspectives opened up by the Common Market are perceived clearly and in time, the treaty will not be ratified by the French Parliament. On this point, the real interests of the French working class, threatened by unemployment arising from the closing of tens of thousands of small and medium-sized enterprises, and menaced by a degradation of its conditions of life, are in full accord with the interests of the national bourgeoisie. These interests also coincide with those of the farmers, for a careful study of the relevant texts shows that, contrary to interested pronouncements, French agriculture would have much more to lose than to gain from the realization of the Common Market.

The parliamentary representatives of the overseas territories, once they have understood what is at stake in the treaty, cannot but be opposed to its ratification, for the clauses dealing with the "association" of these territories offers them very small advantages compared to the new obstacles to their economic and industrial development which the treaty would erect.

It is certainly true that the rejection of the treaty absolutely ought to be followed by positive measures looking to the initiation of a policy of economic progress. Such a policy presupposes both an expansion of the home market and a modernization of the economy, a modernization for which the means can be obtained through pursuing a policy of detente and disarmament. On *this* basis, a progressive lowering of tariffs and the conclusion of treaties of

MONTHLY REVIEW

economic cooperation with many countries would be both realizable and highly desirable. In *these* circumstances, vast perspectives could open up for the French economy, which is particularly well placed today to embark upon a course of rapid development: the newly discovered riches of uranium, oil, natural gas, and sulphur can support an unprecedented development of French industry—provided France remains mistress of her own resources and is able to pursue the necessary program of investment and modernization. And for this what is above all essential is the maintenance of economic independence and the initiation of a policy of international understanding.

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THE POLITICAL ECONOMY OF GROWTH

BY STANLEY MOORE

For publishing Professor Paul Baran's *The Political Economy of Growth* the Monthly Review Press deserves the gratitude, not only of professional economists, but of all socialists and all serious students of the present as history.

The topic is of very great importance. Granted more or less peaceful coexistence, the outcome of the rivalry between monopoly capitalist and socialist societies will be decided by their comparative success in attaining and preserving a high standard of living for their members. Furthermore, the choice between these two systems which faces the majority of the world now living in colonial or semi-colonial countries will turn on the same issue. The analysis of economic growth—and not the pompous rhetoric of preachers, journalists, and statesmen—is the key to an understanding of contemporary world politics.

The quality of the author's discussion matches the importance of his subject. No single person could treat exhaustively so complicated a problem: and by his own account Professor Baran has attempted only to sketch its general contours, to offer a tentative map for the encouragement of further exploration. What makes his book superior to others in its field is the scope, the depth, and the focus of his treatment. In scope, the analysis ranges over the major divisions of the world: the author discusses the problems of economic growth as they are encountered in the monopoly capitalist, the colonial and semi-colonial, and the socialist countries. In depth, the analysis takes into account the major divisions of social theory: the author presents a Marxian critique, at once utilizing the contributions and exposing the inadequacies of bourgeois thinking on his subject. In focus, the analysis concentrates on comparison of policies in terms of probabilities. The author seeks to establish, by theoretical analysis, the range and weight of alternative possibilities; and at the same time he evaluates, in the light of this knowledge, competing governmental policies and social systems. His analysis cuts deeper than that of the academic careerist: it remains more flexible than that of the political prophet. But both could learn from him—if they would. To professors he offers a wide range of fruitful ques-

Stanley Moore, formerly professor of philosophy at Reed College, is the author of The Critique of Capitalist Democracy, which will be reviewed in an early issue of MR.

MONTHLY REVIEW

tions for investigation: to politicians, as reliable a framework for decision as the present state of knowledge will allow.

The argument of the book falls into four main divisions, of which the first is introductory. Chapter One explains why the problems of economic development have acquired decisive importance in contemporary world politics. Chapter Two defines the concept of economic surplus, which is presented as the key to correct analysis of these problems.

The second main division analyzes the problems of economic growth in highly developed capitalist countries, such as the United States, England, France, Germany, and Japan. Chapter Three argues that when in decisive sectors of the economy competition—particularly price competition—is replaced by monopoly or oligopoly, the result is a *tendency* toward chronic underemployment and stagnation. Chapter Four analyzes the strength and effectiveness of those developments which work against this tendency, particularly state intervention in the economy to advance welfare or to prepare for war. The conclusion drawn is that these counteracting factors are likely to be only partially or temporarily effective in checking the basic tendency toward stagnation. In the long run for monopoly capitalist societies there are three, and only three, probable alternatives: stagnation, war, or socialism. And since resort to war is increasingly recognized as suicidal—even by the monopolists themselves—and a period of deep or prolonged stagnation would constitute an open confession of the bankruptcy of capitalism, it would seem that the only reasonable choice is socialism.

The third main division analyzes the problems of economic growth in colonial and semi-colonial countries, such as those of Southeast Asia, the Middle East, Africa, and Latin America. Chapter Five explains historically the backwardness of these countries, by arguing that capitalism was forcibly imposed on them from outside and then blocked and distorted in its development by diversion of their economic surpluses to feed the economies of imperialist powers. Chapter Six outlines the pattern of stagnation typical of these underdeveloped economies: an agriculture burdened with a large surplus population and a low level of technology; a trading sector swollen in its numbers, speculative and usurious in its methods, and sterile in its investments; and monopolistic enclaves of large-scale production, for the most part foreign-owned, which, far from fostering economic growth, add to the stagnation characteristic of pre-industrial society the stagnation characteristic of decaying capitalism. Chapter Seven discusses the likelihood that economic intervention by the existing governments of these countries will be successful in promoting economic

THE POLITICAL ECONOMY OF GROWTH

development. It argues that since these governments are dominated by interest groups whose privileged positions would be destroyed by such development, the prospects of effective intervention are negligible. The conclusion drawn is that for semi-colonial and colonial societies there are two, and only two, probable alternatives; stagnation or revolution. And since their already desperate economic situation is growing steadily worse, it would seem that the only reasonable choice is revolution.

The last main division analyzes the problems of economic growth in underdeveloped socialist countries, such as Russia (in the past), China, and most countries of Eastern Europe. Chapter Eight argues that not only a revolution but a specifically *socialist* revolution is indispensable for economic progress in underdeveloped countries. Only a socialist government which carries out the collectivization of agriculture and the industrialization of the economy can centralize and utilize the economic surplus of a backward society in such fashion as to lift it out of its stagnation. The conclusion drawn is that for underdeveloped socialist societies there are two, and only two, probable alternatives: collectivization together with industrialization, or stagnation. And since protracted stagnation would threaten all the goals of the socialist revolution, it would seem that the only reasonable choice is collectivization and industrialization.

But, it may be protested, isn't it unscientific to reduce such complicated problems to such simple alternatives? Isn't it dogmatism to compress the variety and unpredictability of social development into the narrow limits of "either . . . or"?

In my opinion such protests are mistaken. Analysis which narrows possible developments to a few probable alternatives may or may not be dogmatic. If it relies on intuition and authority, uncritically used, it is dogmatic. If it relies on empirical evidence and logical argument, critically used, it is scientific. One of the main virtues of Professor Baran's work is its *critical* character, its emphasis on analysis of theories the author considers incorrect and its refusal to substitute rhetoric for reason or authority for evidence in rejecting such theories. As examples of the author's procedure and as indications of the importance of his work for an understanding of contemporary politics, I shall summarize his analyses of three widely discussed paths of escape from the harsh alternatives he poses.

In the case of monopoly capitalist societies, it is often argued that military spending can maintain prosperity indefinitely. Professor Baran admits that it can do so temporarily, but denies its effectiveness in the long run. Taking the United States as an example, he argues that productivity is increasing at the rate of 3 percent per

MONTHLY REVIEW

worker per year, and the size of the labor force is increasing by 1 percent per year. This indicates that if annual production (measured in physical terms) were to stay constant, unemployment would increase each year by an amount equal to 4 percent of the labor force. He proceeds to argue that in this situation full employment could be maintained only by continually increased military spending. But since military spending must be financed by approximately balanced budgets in order to avoid serious inflation, the continual increases in military spending would involve continual increases in taxes. And though, abstractly considered, such a growing tax burden would not be economically impossible, concretely considered, it would reach a point where it was politically and socially nothing short of prohibitive. The belief that military spending can resolve the internal contradictions of monopoly capitalism is a delusion.

In the case of semi-colonial and colonial societies, it is widely held that India has embarked on an evolutionary and democratic path of economic growth, which represents a middle course between the extremes of Communist revolution and colonial stagnation. Professor Baran admits that this is the way the leaders of the Congress Party talk, but denies that their talk has been matched by deeds. The planned rate of investment under the first Five Year Plan was 5 percent of national income. This is not much more than the rate of investment prevailing before the Plan came into effect. It is one third of the rate Professor Baran estimates could be obtained without reducing consumption—other than that of landlords and usurers. The second Five Year Plan accepts, as its point of departure, the low existing *rate* of investment: it proposes to increase, by direct government investment, the *share* going to producer goods industries. But though in most realistic industrialization schemes the share of investment allotted to producer goods industries is at least 40 percent, in the final version of the Plan this share is 11 percent. And this quite inadequate program is to be financed, not by taxing landlords and usurers, but by inflation and sales taxes on mass consumption goods. Professor Baran concludes that the existing government is neither able nor willing to meet the challenge of economic development by breaking the resistance of urban and rural vested interests. The belief that India represents in anything but words a middle way, between stagnation and revolution, is a delusion.

In the case of underdeveloped socialist societies, it is widely claimed that Yugoslavia and more recently Poland have embarked on a path of democratic socialist construction which offers an alternative to the hardships and cruelties of Stalinist transition. Professor Baran's book was written before the turn in Poland took place, and

THE POLITICAL ECONOMY OF GROWTH

his analysis is not explicitly applied to Yugoslavia. But on the major respect in which Yugoslavia and Poland have departed from the Russian pattern of socialist construction—the indefinite postponement of collectivization in agriculture—he has some very important things to say. In an underdeveloped country the socialist revolution starts by dividing up the land. But however necessary and beneficial this reform may be in some respects, it has major economic disadvantages. The surplus which was previously extracted from an agricultural population living at or below the level of bare survival is now very largely retained and consumed by that population. The effect on the welfare of the peasants is not decisive: the change alleviates their starvation without ending their abysmal poverty. But the effect on economic growth may be disastrous. In most underdeveloped countries the agricultural surplus forms the major part of the total economic surplus, and a drastic decline in agricultural surplus entails a drastic decline in resources available for economic development. Furthermore, the small size of the individual peasant holdings prevents full utilization of modern farming techniques—mechanical draught-power, complex equipment, and chemicals—most of which are applicable only under conditions of large-scale farming. But introduction of modern technology is a condition for raising agricultural productivity to the level necessary for providing the food and manpower required by extensive industrialization. To the extent that these economic difficulties result from dividing up the land, a socialist government, by postponing collectivization, slows down or postpones industrialization and the attainment of substantial and lasting increases in per capita income. It runs the risk of socialist stagnation. What Yugoslavia and Poland have done about collectivization is likely to be more significant for the future of these countries than what they have said about democracy. In Yugoslavia state and collective farms occupy about 10 percent of the agricultural land. In Poland the figure was something like 25 percent before the events of last October; but after the dissolution of collective farms which took place at that time, it must now be substantially lower. China, which started later and is now 90 percent collectivized, may provide a model of how to build socialism while avoiding the rigors of Stalinism. But the conclusion I draw from the Baran analysis is that Yugoslavia and Poland are backing away from the target.

Of course these are not only very controversial but very complicated questions. I am not trying to settle them, but to indicate that anyone interested in exploring them cannot do better than to read Professor Baran. His book covers a great deal of ground, and on some secondary and technical points I find myself in disagreement with his views. Doubtless other readers will discover funda-

MONTHLY REVIEW

mental points of difference. But in my opinion this is a work which no socialist, whatever his persuasion, could study seriously without learning a great deal he didn't know before.

One topic I wish the author had treated at greater length is that of labor imperialism. In Chapter Four, Section Five, he considers what he calls the "far-reaching harmony between the interests of monopolistic business on the one side and those of the underlying population on the other," which develops in a monopoly-capitalist economy oriented toward war and empire. In Chapter Seven, Section Four, he cites the fact that through manipulation of sterling balances the British government drained from the colonies in the years 1945 through 1951 no less than 1 billion pounds. "These areas," he writes, "the population of which has undoubtedly the world's lowest per capita income, have been made by Britain's 'paternalistic' government (Labor as well as Conservative) to support throughout the entire postwar period the United Kingdom's incomparably higher standard of living." But the questions raised by these observations remain undeveloped in the book.

Have monopoly, militarism, and empire produced in imperialist countries a harmony of interest between the capitalists and *all* of the working class, or between the capitalists and only *some* of the working class? Oskar Lange's theory of a people's imperialism extends the harmony to all of the working class; Lenin's theory of the labor aristocracy restricts it to a minority. Professor Baran mentions both theories, but seems to side with Lange. The point has great practical significance, for it bears directly on one of the central questions of contemporary world politics. How will widespread success of the colonial and semi-colonial nations in their struggles for independence and industrialization affect the internal politics of what are now monopoly-capitalist centers of empire? Specifically, how will it affect standards of living, democratic institutions, the labor movement, and the socialist movement?

For socialists in monopoly-capitalist countries, the problem of labor imperialism is crucial for analyzing prospects and shaping strategy. Lenin argued it with Martov in the era of the First World War. (See Lenin's *Imperialism*, Chapter 10.) Oskar Lange argued it with Paul M. Sweezy in the era of the Second World War. (See Sweezy's *Theory of Capitalist Development*, Preface to the Second Printing.) Apparently Professor Baran accepts Lange's theory of people's imperialism. But this theory, as Sweezy himself points out, strikes at the root of the Sweezy theory of peaceful transition to socialism. Does Professor Baran reject the possibility of peaceful transition, or does he have another theory of his own? Such questions certainly go beyond the confines of the present book. But they are

raised by it, and they are questions socialists should be vigorously debating in terms of the record of the last ten years.

Having written this much to recommend to every socialist the careful study of *The Political Economy of Growth*, I must confess that an obstacle stands in the way. That obstacle is the level of its analysis. The style is vigorous and free from jargon, and the treatment is as popular as the nature of the problems will allow. Yet there are passages, particularly in the discussion of monopoly capitalism, which assume a considerable knowledge of economic theory. However, though this is a difficulty, it should not be a reason for despair. The book is one all socialists should read. And since in the nature of the case the author cannot climb down to the level of his public, the public must climb up to the level of the author. This they can do by forming reading clubs, each of from three to eight members, to study and discuss the book in a systematic fashion. Such a program can be carried out most easily by students of economics, and the colleges and universities are the obvious place to start. But circles could be formed in other places too, and perhaps *Monthly Review* could assist such groups to communicate with one another and to share their technically competent participants. It should not be very difficult, and it could prove very rewarding. In this particular period it is one of the most valuable projects American socialists could undertake.

A LEFT-WING FRENCH VIEW OF ISRAEL AND EGYPT

BY GILLES MARTINET

In the April issue of MR, we published "An Asian View of Israel and Egypt," by K. B. Thakore, an Indian. This month we publish the view of Gilles Martinet, one of the editors of the independent left-wing Paris weekly *France-Observateur*. Martinet wrote the piece early in April immediately after a trip to Israel. Somewhat abridged, it is translated by permission of the author, from *France-Observateur*, April 4.—THE EDITORS

At its narrowest point, Israel can be crossed in an automobile in about ten minutes. Jerusalem, the capital city, is divided by a no-man's land and stands under the direct threat of enemy guns. For, make no mistake, Jordan, like all the other Arab countries, is an enemy state. Armistice is not peace. It can be interrupted at any moment. And if it is, the hills of Jerusalem as well as Tulkarem and

MONTHLY REVIEW

Akaba must be taken in a matter of hours. This is a life-and-death question: any hesitation, any delay could cost dear in human lives and material losses. The offensive is the only possible defense.

One must first of all recognize these realities if one is to understand Israeli reactions. Before politics comes military necessity. *This people must hold itself ready at any minute to pounce in order to repulse the forces arraigned against it.*

For some time, these forces have not been drawn up for attack. But Israel cannot but think of the possibility of attack and of the risks of the future. Moreover, even if the danger of a large-scale Arab offensive is practically zero, that of harassing actions remains. Fedayeen raids can once again be mounted in the Negev, and ships sailing to Eilat may one day find their course blocked by mines.

Under these conditions, the great bulk of Israeli opinion wants the government to resume the initiative, which means in the first instance re-occupation of the Gaza strip. The government, for its part, knows that in the absence of a genuine Egyptian provocation, such a course is politically and psychologically impossible. Hence its main efforts now are directed to getting guarantees from the Americans against the return of Nasser's troops to Gaza and against a renewed blockade of the Gulf of Aqaba.

In order to impress the Americans and persuade them to take these demands into consideration, it is necessary to show that Israel is perfectly capable of resorting to force again. This is why Foreign Minister Golda Meir was far from embarrassed when M. Bourguès-Manoury, the French Minister of Defense, made known to the Americans that the French army is on the alert to provide aerial cover for the state of Israel in case of conflict.

The truth is that ever since the events of November, French military aid to Israel has never ceased. No open alliance, debated and ratified by Parliament, could be more effective than this secret alliance which was negotiated outside normal diplomatic channels by the representatives of the two Prime Ministers and their chiefs of staff. Arms taken from operational reserves were transferred to Israeli bases as simply as they might be to Bizerte, Colomb-Béchar, or Dakar. No time is lost in useless formalities, and it would require no more than a few days for France to be ready again to intervene at the side of Israel.

None of this has escaped the Arabs or their Soviet protectors. Hence the threat voiced by Moscow late in March. Warnings inevitably beget counter-warnings, pressures counter-pressures. Let us hope that it goes no farther.

The question then arises: if matters do stop at threats, if a sort of precarious equilibrium is established, would it not be possible to use this respite for an effort to break out of the impasse and finally find the road to peace?

To this question, the Israelis answer: we have been ready to negotiate for eight years now. It isn't our fault if the Arab states consider themselves still to be in a state of war with us. And it is unquestionable that Jerusalem has never stopped offering peace to the Arabs. It must be added, however, that *this peace is always identified in the Israeli mind with the recognition of the fait accompli.*

This is the crux of the whole problem: Israel does not wish to—and in my opinion cannot—reopen the question of what was won by arms in 1948. And it is precisely this reopening that is demanded by the Arabs, and in the first instance by the Palestinian Arabs.

Israel is ready to make certain minor modifications of her present frontiers, but she is not disposed to cede important parts of her territory. She is prepared to aid her Arab neighbors and to make substantial economic concessions in such matters as the division of the waters of the Jordan and the creation of a free port at Haifa, but she is not prepared to halt the immigration of European and African Jews. She contemplates paying compensation to Arab refugees and if necessary establishing them in other countries; she does not contemplate the return of more than a few thousand of them to Israel.

If one takes into account the fact that it is precisely revision of frontiers, the end of immigration, and the return of refugees which constitute the three major Arab demands, one can understand the distance that separates the position of the Arabs from that of Israel. I underline this distance not to make the stale point that both sides must make concessions, but rather to recall to some who may tend to forget it that it is not enough to talk about peace in terms of good will and bad will, that it is necessary above all and at the outset to discuss the content of this peace.

The conqueror is naturally ready to sign a peace recognizing his conquests. The loser obviously reasons differently. And the fact that the latter may also have been the attacker makes no fundamental difference in the problem. Napoleon III was the attacker, yet the people of France were not any the more reconciled to the loss of Alsace-Lorraine. Hitler was the attacker, yet the German people are not easily resigning themselves to the prospect of abandoning Silesia, Pomerania, and East Prussia.

"For the Arabs," a leading Israeli authority told me, "what happened in 1948 was a catastrophe which they have not yet accepted. They formed the great majority of the people of Palestine. They

MONTHLY REVIEW

were supported by all the Arab states. They couldn't imagine that control over the country could escape them. They did not bow before the verdict of the UN. They thought that they could conquer us with ease, and it was they who were conquered. Thousands of them have lost their homes and their land. Their houses are now either occupied by Jewish immigrants or lie in ruins. These are things that are not forgotten in eight years!"

This is the fact of which one must take account if one wants to approach the problem of Jewish-Arab peace realistically.

Many people imagine that the only genuine obstacle to peace is the desire of the Arab leaders to create a diversion from their own internal difficulties. There is certainly much truth in this view, and the Palestinian affair provides a most convenient diversion. But it is no less true that even if these governments were to come into the hands of democratic forces—determined on social reform rather than foreign adventure—the new leaders would not be able to ignore popular feelings and accept just any basis for discussion.

If Israel should agree to take into consideration the main Arab demands, if it were willing in particular to discuss the return of the refugees, it is probable—probable, not certain—that peace could be re-established in a relatively short time. Those among the Arab leaders who have a vested interest in maintaining tension would doubtless try to avoid negotiation, but it would be hard for them to postpone it indefinitely. And Israel's diplomatic position would be in every way strengthened.

But such a peace, assuming it to be possible, *would be no better than a fragile, unstable peace at the mercy of a new crisis.* The reason for this is that the preconditions for genuine cohabitation of a Jewish majority and a strong Arab minority are just not there. Several months ago, I would have hesitated before writing these lines. The principle of a Jewish-Arab community within a single state seemed to me superior to that of an ethnically homogeneous nation, and in any case more favorable to the penetration of progressive ideas into the Middle East, more in accord with international socialism. But these issues cannot be treated abstractly. One must take account not only of their different aspects but also of their general dynamic. There is too great a gap between Israeli society and the Arab societies of the Middle East for a common evolution—I say *common* advisedly, a *parallel* evolution remaining possible—to be possible. The advanced forms of democracy practiced in Israel do not correspond to the present possibilities and needs of the other people of the Middle East. For example, there could be no question of forming an Arab kibbutz if only because of the traditional relations existing between

men and women in Moslem society. Moreover, one must never forget that the frontiers of Israel do not delimit any sort of natural geographic space, and that Arab national sentiment does not stop at the borders of Palestine.

It follows that a durable peace can be established only on the basis of a relatively homogeneous Jewish state which would be recognized by all its neighbors. But, for reasons already indicated, the latter will resign themselves to the *fait accompli* only slowly at best, which is another way of saying that it will be a long time before peace will be attainable. In the meantime, Israel must live, hold on, and wait.

There is thus an extraordinary contrast between the dynamism of this people and the limited possibilities open to it to improve its fate.

Many Israelis, of course, dream of forcing destiny. Leave us alone with the Arabs, they say. We will have a military showdown which will put an end once and for all to their desire to attack us, and oblige them to come to terms. This argument is inherently open to attack, defeat giving rise to a desire for revenge as often as to peace. But it is wholly unrealistic precisely because the big powers have no intention of standing aside while the Israelis and Arabs settle matters themselves. The big powers are trying to use this rivalry to further their own influence in the Middle East. For different, but concordant, reasons the United States and the USSR are united in denying to Israel the road to the Arab capitals. Too much oil, too many military bases, too many human beings are at stake for the Jewish state to be allowed to act in its own way. Israel has no choice but to sit out a long siege, a siege which cannot be broken by a few military sorties but only by changes in the camp of the besiegers.

Nations outside the Middle East—especially the Soviet Union, the United States, India, Britain, and France—could hasten these changes by adopting a genuine policy of peace. Such a policy would include especially: (1) the reduction of arms deliveries to the countries of the Middle East (themselves incapable of manufacturing tanks, airplanes, or heavy guns); (2) the neutralization of this part of the world, free passage through its waterways, and the abolition of military bases within its confines; and (3) massive aid to the underdeveloped countries, permitting, among other things, the resettlement of the Arab refugees in the Euphrates valley.

We shall be told that the great powers are not ready to espouse such objectives. This is obvious. But they are not utopian objectives all the same. And they happen to be the only objectives for which world democratic opinion can argue and struggle.

MONTHLY REVIEW

As for Israel, if it is unable to transform the situation in the near future, it can, looking further ahead, do much to promote or compromise solutions to the problems which it must eventually face. In this connection, three dangers are particularly to be avoided: military activism, conscious or unconscious expansionism, and an anti-Arab psychosis.

It is clear that Israel cannot renounce the use of force if circumstances impose it upon her. The conditions under which it is utilized, the aims of military action, count much more than the action itself. To act to ensure free passage through the Gulf of Akaba is one thing, to act to secure control over any part of Arab Palestine is another. In the latter case, military initiative, whatever its original justifications, ends up in expansion. The example of the Sinai campaign and the occupation of Gaza which was its logical consequence are especially revealing on this point. The Sinai campaign was not supposed to have any territorial objectives, but when the Israeli army found itself in possession of the coastal strip, hitherto held by the Egyptians, no one in the government thought for a moment that it should be given up. Gaza had been taken: it was necessary to remain in Gaza.

But what should be the juridical basis of this conquest? The left-wing socialists and some right-wing socialists were in favor of annexation. Ben-Gurion and most of his friends for permanent occupation. The reasons advanced by both groups were fine reasons. The left socialists wanted progressively to give to the 300,000 Arabs of the strip labor, land, and above all equality of rights, and thus to prove to the world that Israel is capable of resolving in a humane way a problem with which the UN had not been able to cope. Ben-Gurion feared that such a course would involve serious difficulties for the Israeli economy and in addition would set a dangerous precedent for the solution of the refugee problems (some 200,000 of the 300,000 Gaza Arabs are refugees).

Considered from the point of view of the Arab peoples—and I mean the Arab peoples and not only their leaders—the two courses were equally bad. They both tended to show that Israel, in association with the two biggest colonial powers of the world, was pursuing a policy of conquest and scorned the right of peoples to dispose of themselves freely. The difference became blurred between the position of the socialists, in principle hostile to expansionism, and that of the Herut of Begin which has long demanded the "reunification" of the country "on both sides of the Jordan."

The disastrous echo which the Sinai campaign evoked among the Arab masses seems to have induced a certain pessimism in numerous Israeli circles. Israelis tend today to think that pan-Islamism is

a much more profound and more negative phenomenon than they had imagined. They have less and less confidence in the possible triumph—at least in the present historical period—of democratic and progressive tendencies in the Moslem lands. Some of them dream of the necessity of an anti-Moslem bloc in which they would like to enlist the Christian populations living in North Africa and the East.

It was because I was disturbed by the importance of such ideas, especially in the army, that I asked Ben-Gurion with particular emphasis for his views on this point. I am glad to be able to say that he took the same position, in this area, as did the leaders of Achtdout Avoda and Mapam, the two left socialist parties, with whom I had already discussed the matter.

No one can deny that Islamic society, in which religious conceptions and social practices are closely interrelated, poses a special problem for the development of the socialist movement. No one can ignore the backwardness of this movement in the Arab countries. But from this to the conclusion that the forces of progress which now exist in these countries will never be able to overcome the obstacles in their path, that the aspirations of the masses will never overcome traditional restraints, there is an immense abyss—the abyss which, in the East as in the West, separates Right from Left. In the final analysis, the question is whether the best way to conquer the forces of reaction is to do everything possible to promote the development of the peoples, or on the contrary to administer the "shock treatment" which one young Israeli colonel talked about.

Between these two attitudes the Israeli nation must choose. It is a difficult choice. One can always "recommend" to the Israelis that they not lose their chances for the future in the name of immediate security. The truth is that unless immediate security is assured, there is no point in talking about the future.

It is therefore necessary to *help* Israel. If we want to prevent some of our ministers and officers from pushing Israel into new adventures, it is not enough that we should condemn actions which find their explanation, if not their justification, in Palestinian realities.

Finally, it remains true that Israel is lost if she hopes to base her security solely on military superiority. For the military superiority of a country which has no heavy industry of its own, has no extended territory, and no large population is necessarily precarious. It will always be at the mercy of the arms delivered to its enemies, of the training given to their armies, of a political situation which would suddenly cool the ardor of its own suppliers.

The god of war will not always be on the side of Israel. Let us do all we can to hasten the day when it will no longer be necessary to call upon his aid.

WHERE WE STAND

BY THE EDITORS

During the early years of the 20th century the subject of socialism was widely and eagerly discussed in the United States. Eugene V. Debs, socialist candidate for president, polled close to 1,000,000 votes in 1912—the equivalent of approximately 3,000,000 votes in the 1948 election. The popular interest in socialism was reflected in an enormous sale of socialist literature. *The Appeal to Reason*, a weekly, had a circulation of more than 300,000 for several years; pamphlets by Oscar Ameringer were printed in editions of hundreds of thousands; books by Bellamy, Upton Sinclair, and Jack London ranked with the best-sellers of the day.

This widespread interest in socialism has declined to such an extent that today it would probably not be an exaggeration to say that for the great majority of Americans "socialism" is little more than a dirty word. This is an extraordinary situation because it occurs at the very moment that a large proportion of the rest of the world is moving toward socialism at an unprecedentedly rapid rate. It is a deeply disturbing situation because there are still many Americans who believe with us that, in the long run, socialism will prove to be the only solution to the increasingly serious economic and social problems that face the United States.

It is because we hold firmly to this belief that we are founding *Monthly Review*, an independent magazine devoted to analyzing, from a socialist point of view, the most significant trends in domestic and foreign affairs.

By "socialism" we mean a system of society with two fundamental characteristics: first, public ownership of the decisive sectors of the economy, and second, comprehensive planning of production for the benefit of the producers themselves.

The possibility and workability of such a system of society are no longer open to doubt. Socialism became a reality with the

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introduction of the first Five Year Plan in Soviet Russia in 1928; its power to survive was demonstrated by the subsequent economic achievements of the USSR during the '30s, and finally, once and for all, in the war against Nazi Germany. These facts—and they are facts which no amount of wishful thinking can conjure away—give to the USSR a unique importance in the development of socialism and in the history of our time.

We find completely unrealistic the view of those who call themselves socialists, yet imagine that socialism can be built on an international scale by fighting it where it already exists. This is the road to war, not to socialism. On the other hand, we do not accept the view that the USSR is above criticism simply because it is socialist. We believe in, and shall be guided by, the principle that the cause of socialism has everything to gain and nothing to lose from a full and frank discussion of shortcomings, as well as accomplishments, of socialist countries and socialist parties everywhere.

We shall follow the development of socialism all over the world, but we want to emphasize that our major concern is less with socialism abroad than with socialism at home. We are convinced that the sooner the United States is transformed from a capitalist to a socialist society, the better it will be, not only for Americans, but for all mankind.

We believe that there are already many Americans who share this attitude with us and that their number will steadily increase. We ask for their financial support, their assistance in extending our circulation, and their advice as to how *Monthly Review* can best serve the cause of socialism in the United States.

Clarity about the aims and problems of socialism is of greatest significance in our age of transition. Since, under present circumstances, free and unhindered discussion of these problems has come under a powerful taboo, I consider the founding of this magazine to be an important public service.

PROFESSOR ALBERT EINSTEIN

in his article "Why Socialism?" in Vol. I, No. 1

WORLD EVENTS

By Scott Nearing

Very Frank—In Africa

MR editors, in "Review of the Month" for February, 1957, described the Middle East area as including North and East Africa, in addition to West Asia. "The United States Government," they wrote, "wants to give the impression of being concerned with a region contiguous to the Soviet Union, but its real concern is clearly with two potentially enormously rich *economic* areas: the oil-bearing lands around the Persian Gulf (almost wholly inaccessible to the Russians) and a vast region of central and northern Africa including the Nile and its multiple sources, the uranium and other mineral treasures of the Congo and surrounding territories, and the as yet largely unexplored resources of the Sahara and northwest Africa."

Significant confirmation for this view is presented in an Associated Press despatch from Addis Ababa, dated March 12. Vice President Nixon, the despatch says, was "very frank" with Emperor Haile Selassie. Nixon told the Emperor that the United States proposed to station 500 men at an Ethiopian site to be determined later, to help fill a gap in the communications network for American planes in the African area. "The American request does not include basing American planes on Ethiopian soil," the despatch concluded.

The *Herald-Tribune's* European edition for March 13 went further. "The United States has asked Ethiopia for permission to build a naval base on the Red Sea south of Suez," the paper noted. American intentions were outlined with the help of Mr. Nixon after reporters were told at a press conference with Emperor Haile Selassie that the United States had asked for an air base site three weeks before Mr. Nixon's arrival here on a goodwill tour. The Emperor told reporters that he would be glad to cooperate with the United States, but only "on an equal footing."

Through these and similar methods, the "free world" is busy extending its sphere of influence, while Washington picks up pieces of international real estate.

The Right To Go and Come

Provisions of the United Nations Declaration of Human Rights specify freedom of movement. Despotisms and tyrannies override the

right to move about by arbitrarily limiting ingress and egress.

On February 8, 1957, the UN Assembly Trusteeship Committee, by a vote of 36 to 9, with 9 abstentions, granted a hearing to representatives of the Association of Cameroonian Notables of the Coastal Zone of Kribi, which is in the French Cameroons. Mr. R. Jaipal (India) said that his delegation was concerned about the large number of requests for hearings coming from the British and French Cameroons. At the last session of the Assembly, he noted, five requests for hearings were received from the French Cameroons. All five were granted, but, curiously, none of the petitioners turned up because of difficulty over travel papers. "There seems to be an extraordinary lack of enthusiasm for hearing these petitions," Mr. Jaipal commented. "These petitioners have been knocking at our doors for a whole year, and all we have done so far is to find intelligent excuses for doing nothing in an intolerable situation!"

On February 18, the French delegates walked out of the Trusteeship Committee after a decision to hear a representative of the Union of the People of the Cameroons, on the ground that the Union was a subversive organization which had been dissolved by the French authorities of West Africa.

As a remedy for this "intolerable situation," Mr. Jaipal suggested that the United Nations might issue travel papers in cases where they were refused by local authorities. "In British administered territories, about which I know something, the power to issue a passport is called the Crown's prerogative."

There is the heart of the matter. Is a passport a privilege, granted by an authority to those who lick its boots, or is it a right to which every citizen of the world is entitled? Under the UN Declaration, it is a right!

Peculiar significance attaches to the issue in the United States because of the highhanded manner in which the Washington Government has been refusing passports to those who differ with the Administration's ideology.

Latterly the State Department has gone even further, refusing United States citizens passports to visit countries with whose governments the administration is in political disagreement. One of the most flagrant examples of this policy was the refusal, in the summer of 1956, to permit sixteen United States publications, most of them far to the Right politically, to accept Peking's invitation and send reporters and photographers into China.

Subsequently, a reporter from the Baltimore *Afro-American* and a photographer and reporter from *Look* magazine went to China des-

MONTHLY REVIEW

pite the ban, whereupon the State Department revoked their passports and threatened them with prosecutions under the Trading with the Enemy Act.

Noting these developments, the American Newspaper Publishers Association decided on February 7, 1957, that it would oppose the levying of any penalties on American journalists who went to China in defiance of the State Department ban on travel there. The Association made three points: (1) "United States journalists should be accorded freedom by the government to travel to any country in the world with which the United States is not at war." (2) "Passports for journalists should not be restricted." (3) Penalties should not be imposed on American journalists who, at their own risk, follow their professions in any country with which the United States is not at war.

On February 6, at a Washington press conference, Secretary Dulles was asked to explain why the State Department refused to let United States reporters go to China. After some fencing and hair-splitting, Mr. Dulles said, "So long as the state of at least semi-war prevails, and we do not recognize that regime, I do not think that we would issue a passport valid for Communist China."

After the meeting of the SEATO Council in Canberra, March 12, Secretary Dulles told newsmen that Washington was following a three-fold China policy: (1) to recognize the Republic of China; (2) not to recognize the so-called Peoples Republic of China, and (3) to oppose the seating of the Peking regime in the United Nations. This policy, Mr. Dulles said, "is not merely an expression of emotional dislike of Chinese communism," nor of sentimental loyalty to the Republic of China. "Our policy stems primarily from considerations of national interest." The recognition of Peking would serve no national purpose, Mr. Dulles continued. The admission of the Peking Government to the United Nations would not strengthen that organization. In any case, the Peking Regime had no right to be there.

These expressions of opinion clarify Washington's position on the right to go and come. State Department ideology is a political North Star. Those who follow its guiding light secure diplomatic recognition and get passports. Those who differ fail of recognition and are denied passports.

During recent years travel restrictions have been imposed on United States citizens who stood to the Left of Center. Now the heavy fist of State Department censorship has hit important Right-of-center elements, especially in the press. If Washington desires to avoid disaffection and perhaps rebellion on the Right, a retreat and an apology are both in order.

Government Rights

Many words have been spoken and written concerning property rights and human rights. Some years ago property rights seemed to have the upper hand, but human rights have attracted increasing attention and have been promoted enthusiastically by humanitarians, reformers, and power seekers.

Latterly, a new claimant has entered the field, proclaiming the "rights of government." Through its monopoly of police power, its enlarged control over health, education, transport, and communication, its multiple use of taxation, its right of eminent domain, its retinue of job holders and its far-flung social security network, government has placed itself in a position where it can expropriate property on one hand and investigate, interrogate, conscript, coerce, imprison and execute human beings on the other.

Government has assumed such vast proportions and is carrying out such a multiplicity of activities that it has crowded property owners and human beings alike into the wings and occupied an expanding proportion of the stage. A campaign to limit or "with away" government intervention in personal and social affairs may well be the next item on the agenda of human progress.

Nothing To Fear

"Enemies" of the United States—those nations which believe in and practice International Communism—were soothed and reassured by President Eisenhower in his address to Congress on January 5, 1957. Said he, "The Soviet Union has nothing whatsoever to fear from the United States in the Middle East, or anywhere else in the world, so long as its rulers do not themselves resort to aggression."

While the President was making this statement, United States mailmen were delivering the January 4, 1957, copies of *US News & World Report*. On page 42, there is a description of a United States guided missile now going into production, which is 100 feet long, can be landed on a target 5,000 miles distant, with a maximum error of 5 miles, and which, when exploded, will totally desolate an area of 450 square miles. A direct hit by such a weapon would wreck any city on earth.

On page 45, *US News* published a map showing the parts of the Soviet Union which are within range of firing stations at three points in the United States. Atlas guided missiles fired from Maine would reach Moscow, the Soviet iron and steel industry in the Ukraine, oil fields near Rumania, the industrial complex around Leningrad, the steel plants at Magnitogorsk. From Nebraska, in forty minutes, the Atlas guided missile would strike the submarine

MONTHLY REVIEW

base at Murmansk, the atomic weapons plants behind the Urals, the air bases in North Central Russia, air bases in Eastern Siberia, the naval bases on the Barents Sea. From Washington State, in forty minutes, Atlas missiles could smash the heavy weapons factory at Lake Baikal, submarine bases at Vladivostok, naval bases on Kamchatka peninsula, the vital transport center at Omsk, and the strategic mining industry around Norilsk.

If the published specifications of Atlas are correct, the Soviet Union has nothing to fear from the United States beyond the wrecking, in a few hours, of its important cities and its most vital industrial and military areas.

A Coincidence?

Soviet spokesmen in the United Nations charged the United States with aggression and cited a United States base in Pakistan as one proof of the charge. Pakistani authorities indignantly denied that the United States has a base in Pakistan. So much for the record.

On March 5, 1957, at 12:10 p.m., an Indian Airlines Corporation plane in which we were traveling landed on the Karachi airfield. As we came to a stop, directly facing us, was a big shiny plane lettered: "United States Air Force. Troop Carrier."

We do not insist that this incident settles the United Nations argument about a United States air base in Pakistan. But it seemed a bit odd to read the Pakistani denial, and then to drop down in Karachi, 8,000 miles from North America, and find a United States troop carrier parked on a Pakistani air field. Was this just a coincidence, or did the troop carrier have some business there?

"Whatever Will Be Will Be!"

Strangers visiting a foreign continent for the first time in four years must be wary of recording their impressions of Middle Europe, because first impressions are likely to skim the surface. With this proverbial pinch of salt, we proceed.

Traveling for three months across South and Middle Asia was an unforgettable experience. When we reached Istanbul, the city had a Western look and feel, but it was still far from being European.

Rome jolted us rudely into the West. There had been no war damage in the city. Except for some new construction, the public buildings, factories, stores, and houses had changed little if at all. The ruins and rubble scattered about dated from the Empire of the Caesars. Clean streets in excellent repair, endless rows of shops generously stocked, fast-driving autos and taxis, up-to-the-minute

buses glistening with chrome, well-kept parks and gardens, hurrying throngs of comfortably dressed well-shod people pushing their way through the busy hours in their competitive struggle to acquire and accumulate, recalled the European cities of forty years ago. Rome was the first unmistakably Western city we had seen since we left Vancouver, British Columbia.

Zürich, less extensive than Rome, strengthened the impressions we had gained in Italy. Munich, despite its raw, gaping war ruins, confirmed the judgment that had been taking shape in our minds. European capitalism had been restored to at least the appearance of life and well-being.

Munich added another touch, which completed the restoration. We came upon a poster, in deep, impressive colors, pasted on bill-boards which partly hid the remains of bombed-out buildings bordering the Central Station Square. "The German defense forces," read the poster, "plus NATO, guarantee security for ALL!" The "all" was in capital red letters. The balance of the propaganda slogan was more quietly colored. The poster was sponsored by the West German Press and Information Office.

Twice before we had seen "prosperity" and "security" in Middle Europe. The first time was before 1910. The second time was before 1930. This was the third time that we had been confronted by competitive European private enterprise, and competitive, armed Middle European nationalism on the march. Twice we had seen prosperity fade into depression. Twice we had watched military preparedness let loose the dogs of war. There was every reason to believe that like causes would produce like results on this third occasion.

We broached these thoughts to some young people from Vienna, who were out for a good time. "Have you considered the probability of another depression more severe and another war more destructive than the last ones?" we asked them. They answered, condescendingly, without hesitation, and apparently without interest, "We do not bother our heads about such things."

Before 1910, there had been considerable "bother." Before 1930, many people felt real anxiety. The oncoming generation was not worrying! It was willing to let history take its course under the slogan, "Whatever will be, will be!"

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(continued from inside front cover)

exceptionally instructive the remarks in the Preface on the recent events in the Soviet Union, the attack on war preparations as a solution to capitalism's dilemmas, the demonstration of the very limited beneficial effects of foreign investment, and the section on Japan." Now turn to Stanley Moore's review of the book beginning on page 11 below and see what particularly impressed him. And then ask yourself if you can really afford not to own a work which evokes such unqualified enthusiasm from the kind of people who are best able to judge its value. The price is \$5, or \$7 in conjunction with a one-year sub to MR. Please help to bring this book to the attention of others, and also make sure that your local library orders a copy.

If you are going away for the summer and want MR sent to your summer address, please remember that you must notify us by the 15th of the month prior to the first issue to be delivered to the changed address. Be sure to specify precisely which issues you want sent to the summer address.

We will be sending a number of sets of MR comprising Volume 8 to the bindery in the near future, and our binder has offered to do at the same time and at the same rate any back volumes of MR that readers may care to send in. The price, including handling and return postage, is \$4 per volume, and the magazines to be bound, accompanied by check or money order, must reach us by May 20th.

The Socialist Study Group of Baltimore asks us to announce that a meeting on the subject "Are Congressional Investigations and the Security Program a Safeguard or a Threat to Democracy?" will be held at the Mt. Lebanon Baptist Church on May 10th at 8 p.m. (admission free). This meeting is timed to follow immediately the Baltimore hearings of the House Un-American Committee which have been re-scheduled for May 7th and 8th.

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